

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2008

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Woodward-Granger Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2007 election)		
Lance Kooiker	President (Resigned)	2008
Howard Schutt	Vice President (Appointed President)	2007
Jim Gibson	Board Member	2007
Mark Roberts	Board Member	2008
Jane Sweeney	Board Member	2009
Jennifer Pierce	Board Member (Elected)	2008
Board of Education (After September 2007 election)		
Howard Schutt	President	2010
Jim Gibson	Vice President	2010
Mark Roberts	Board Member	2008
Jane Sweeney	Board Member	2009
Jennifer Pierce	Board Member	2008
School Officials		
Jody Gray	Superintendent	2008
Bob Torrence	District Secretary/ Treasurer and Business Manager	2008
Ahlers Law Firm	Attorney	2008

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Woodward-Granger Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Woodward-Granger Community School District, Woodward, Iowa as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodward-Granger Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 16, 2009 on our consideration of Woodward-Granger Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 13 and 40 through 41 are not required parts of the basic financial statements, but are supplementary

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information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Woodward-Granger Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 7, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

February 16, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Woodward-Granger Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$8,910,007 in fiscal 2007 to \$9,888,668 in fiscal 2008, while General Fund expenditures increased from \$8,734,150 in fiscal 2007 to \$9,777,830 in fiscal 2008. This resulted in an increase in the District's General Fund balance from \$298,252 in fiscal 2007 to \$409,090 in fiscal 2008, a 37.16% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in local tax and state grant revenue in fiscal 2008. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits, increased heating and busing costs, as well as additional costs associated with the Woodward Academy.
- The High School/Middle School building project was started in fiscal 2008, which increased revenues and expenditures for the District.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Woodward-Granger Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Woodward-Granger Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Woodward-Granger Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1

Woodward-Granger Community School District Annual Financial Report

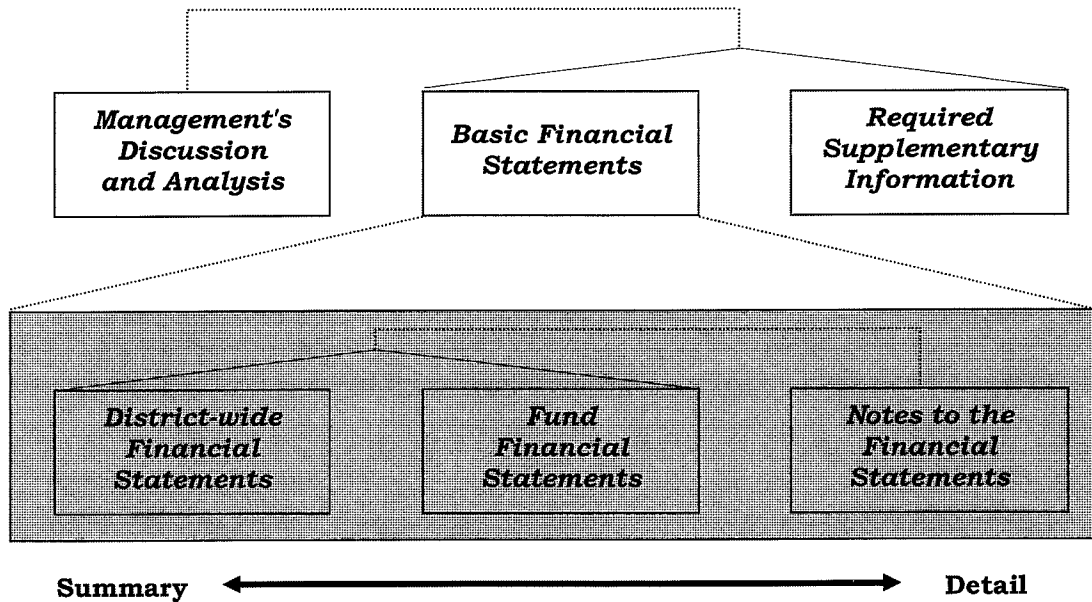


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-Wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to

measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.
- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Private Purpose Trust and the Agency fund.
 - *Agency Fund* – These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases of pop and related expenditures.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for the proprietary funds include a statement of revenues, expenses and changes in net assets and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net assets at June 30, 2008 compared to June 30, 2007.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Current and other assets	\$ 15,823,665	7,438,718	(75,196)	29,429	15,748,469	7,468,147	110.88%
Capital assets	7,533,062	6,851,351	136,537	75,921	7,669,599	6,927,272	10.72%
Total assets	23,356,727	14,290,069	61,341	105,350	23,418,068	14,395,419	62.68%
Long-term obligations	11,009,481	4,085,126	0	0	11,009,481	4,085,126	169.50%
Other liabilities	7,793,046	6,233,619	32,118	107,358	7,825,164	6,340,977	23.41%
Total liabilities	18,802,527	10,318,745	32,118	107,358	18,834,645	10,426,103	80.65%
Net assets:							
Invested in capital assets, net of related debt	3,312,289	2,963,301	136,537	75,921	3,448,826	3,039,222	13.48%
Restricted	779,469	653,139	0	0	779,469	653,139	19.34%
Unrestricted	462,442	354,884	(107,314)	(77,929)	355,128	276,955	28.23%
Total net assets	\$ 4,554,200	3,971,324	29,223	(2,008)	4,583,423	3,969,316	15.47%

The District's combined net assets increased by 15.47%, or \$614,107, over the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$126,330, or 19.34% over the prior year. The increase was primarily a result of the increase in the Capital Projects and Special Revenue, Physical Plant and Equipment Levy fund balance.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other

legal requirements – increased \$78,173, or 28.23%. This increase in unrestricted net assets was a result of the District's increase in the General Fund balance.

Figure A-4 shows the changes in net assets for the years ended June 30, 2008 compared to June 30, 2007.

Figure A-4
Changes of Net Assets

	Governmental Activities		Business-Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Revenues and transfers:							
Program revenues:							
Charges for services	\$ 3,137,752	2,608,207	197,356	180,040	3,335,108	2,788,247	19.61%
Operating grants and contributions and restricted interest	1,090,724	933,476	100,995	91,990	1,191,719	1,025,466	16.21%
Capital grants and contributions and restricted interest	0	226	0	0	0	226	-100.00%
General revenues:							
Property tax	3,042,948	2,911,707	0	0	3,042,948	2,911,707	4.51%
Local option sales and service tax	540,344	544,188	0	0	540,344	544,188	-0.71%
Unrestricted state grants	3,158,954	3,060,558	0	0	3,158,954	3,060,558	3.21%
Other	239,249	182,417	0	0	239,249	182,417	31.15%
Transfers	(75,073)	0	75,073	0	0	0	0.00%
Total revenues	11,134,898	10,240,779	373,424	272,030	11,508,322	10,512,809	9.47%
Program expenses:							
Governmental activities:							
Instructional	7,504,146	6,541,776	0	0	7,504,146	6,541,776	14.71%
Support services	2,248,087	2,362,675	373	0	2,248,460	2,362,675	-4.83%
Non-instructional programs	0	0	341,820	293,751	341,820	293,751	16.36%
Other expenses	799,789	694,704	0	0	799,789	694,704	15.13%
Total expenses	10,552,022	9,599,155	342,193	293,751	10,894,215	9,892,906	10.12%
Change in net assets	582,876	641,624	31,231	(21,721)	614,107	619,903	-0.93%
Net assets beginning of year	3,971,324	3,329,700	(2,008)	19,713	3,969,316	3,349,413	18.51%
Net assets end of year	\$ 4,554,200	3,971,324	29,223	(2,008)	4,583,423	3,969,316	15.47%

In fiscal 2008, property tax and unrestricted state grants account for 55.7% of the revenue from governmental activities while charges for services and operating grants and contributions account for 79.9% of the revenue from business type activities.

The District's total revenues were approximately \$11.5 million of which \$11.1 million was for governmental activities and \$.4 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 9.47% in revenues and a 10.12% increase in expenses. The increase in expenses was related to the increase in instructional costs during the year.

Governmental Activities

Revenues for governmental activities were \$11,134,898 and expenses were \$10,552,022.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2008	2007	Change 2007-08	2008	2007	Change 2007-08
Instruction	\$ 7,504,146	6,541,776	14.71%	3,550,097	3,280,353	8.22%
Support services	2,248,087	2,362,675	-4.85%	2,228,295	2,317,947	-3.87%
Other expenses	799,789	694,704	15.13%	545,154	458,946	18.78%
Totals	<u>\$ 10,552,022</u>	<u>9,599,155</u>	<u>9.93%</u>	<u>6,323,546</u>	<u>6,057,246</u>	<u>4.40%</u>

- The cost financed by users of the District's programs was \$3,137,752.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,090,724.
- The net cost of governmental activities was financed with \$3,042,948 in property tax, \$540,344 in local option sales and services tax, \$3,158,954 in unrestricted state grants, and \$136,728 in interest income.

Business-Type Activities

Revenues of the District's business-type activities were \$373,424 and expenses were \$342,193. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service and federal and state reimbursements.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Woodward-Granger Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$7,790,853, compared to last year's ending fund balances of \$964,732. However, the primary reason for the increase in combined fund balances in fiscal 2008 is due to the issuance of general obligation bonds and capital loan notes.

Governmental Fund Highlights

- The District's General Fund financial position improvement from a \$298,252 to \$409,090 is the product of many factors:
 - Increases in local taxes and state grant revenues during the year resulted in an increase in revenues.
 - The increase in negotiated salary and benefits settlement, as well as existing expenditure commitments of the District, resulted in an increase in expenditures.

-
- The increase in revenues was more than the increase in expenditures, resulting in a net increase of \$110,838.
 - The Capital Projects Fund balance increased from \$329,711 in fiscal 2007 to \$5,079,893 in fiscal 2008. During the year, the District issued \$5,485,000 in general obligation bonds.
 - The Special Revenue, Physical Plant and Equipment Levy fund balance increased from \$36,834 in fiscal 2007 to \$1,962,196 in fiscal 2008. During the year, the District issued \$1,900,000 in capital loan notes.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from a deficit \$2,008 at June 30, 2007 to a positive \$29,223 at June 30, 2008. The increase was primarily due to receiving \$75,073 in capital contributions.

BUDGETARY HIGHLIGHTS

The District's revenues were \$544,307 more than budgeted revenues, a variance of 4.97%. The most significant variance resulted from the District receiving more in local sources than originally anticipated.

Total expenditures were more than budgeted, primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practices, the certified budget was exceeded in the instructional, support services and other expenditures functions.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had invested \$7.67 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 6 to the financial statements. Depreciation expense for the year was \$266,402.

The original cost of the District's capital assets was \$10.69 million. Governmental funds account for \$10.48 million with the remainder of \$.21 million in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$799,201 at June 30, 2008, compared to \$51,070 reported at June 30, 2007. This increase resulted from the new construction projects.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business-Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Land	\$ 14,204	14,204	0	0	14,204	14,204	0.00%
Construction in progress	799,201	51,070	0	0	799,201	51,070	1464.91%
Buildings	6,423,054	6,581,485	0	0	6,423,054	6,581,485	-2.41%
Machinery and equipment	296,603	204,592	136,537	75,921	433,140	280,513	54.41%
Total	\$ 7,533,062	6,851,351	136,537	75,921	7,669,599	6,927,272	10.72%

Long-Term Debt

At June 30, 2008, the District had \$11,009,481 in general obligation and other long-term debt outstanding. This represents an increase of 169.50% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 7 to the financial statements.

The District had total outstanding General Obligation Bonds payable of \$8,215,000 at June 30, 2008.

The District had total outstanding Revenue Bonds payable of \$615,000 at June 30, 2008.

The District had total outstanding capital loan notes payable of \$1,900,000 at June 30, 2008.

The District had total outstanding bus lease payable from the General Fund of \$43,627 at June 30, 2008.

The District had total outstanding computer lease payable from the Capital Projects Fund of \$35,617 at June 30, 2008.

The District had total outstanding Early Retirement payable from the Special Revenue - Management Fund of \$187,006 at June 30, 2008.

The District had total outstanding Compensated Absences payable from the General Fund of \$13,231 at June 30, 2008.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total Change
	June 30,		June 30,
	2008	2007	2007-08
General Obligation Bonds	\$ 8,215,000	2,955,000	178.00%
Revenue Bonds	615,000	880,000	-30.11%
Capital Loan Note	1,900,000	0	100.00%
Bus Lease	43,627	0	100.00%
Computer Lease	35,617	53,050	-32.86%
Early Retirement	187,006	189,341	-1.23%
Compensated Absences	13,231	7,735	71.05%
Totals	\$ 11,009,481	4,085,126	169.50%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Low allowable growth over several years is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.
- The current Federal and State budget issues will continue to negatively impact Woodward-Granger Schools.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Bob Torrence, District Secretary/Treasurer, Woodward-Granger Community School District, 306 West 3rd Street, Woodward, Iowa, 50276.

BASIC FINANCIAL STATEMENTS

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments:			
ISCAP(Note 5)	\$ 2,275,754	0	2,275,754
U.S. Treasury Securities on deposit with fiscal agent	171,357	0	171,357
Other	8,303,323	4,717	8,308,040
Receivables:			
Property tax:			
Delinquent	48,049	0	48,049
Succeeding year	3,554,229	0	3,554,229
Income surtax	286,107	0	286,107
Interfund	94,400	(94,400)	0
Accounts	19,350	0	19,350
Accrued ISCAP interest (Note 5)	12,647	0	12,647
Due from other governments	1,058,449	10,378	1,068,827
Inventories	0	4,109	4,109
Capital assets, net of accumulated depreciation (Note 6)	7,533,062	136,537	7,669,599
Total Assets	23,356,727	61,341	23,418,068
Liabilities			
Accounts payable	1,100,471	0	1,100,471
Salaries and benefits payable	782,671	26,624	809,295
ISCAP warrants payable (Note 5)	2,256,000	0	2,256,000
ISCAP accrued interest payable (Note 5)	12,404	0	12,404
ISCAP unamortized premiums payable	29,207	0	29,207
Accrued interest payable	46,341	0	46,341
Deferred revenue:			
Succeeding year property tax	3,554,229	0	3,554,229
Other	11,723	0	11,723
Unearned revenue	0	5,494	5,494
Long-term liabilities (Note 7):			
Portion due within one year:			
General obligation bonds payable	265,000	0	265,000
Revenue bonds payable	275,000	0	275,000
Capital loan notes payable	160,000	0	160,000
Bus lease payable	43,627	0	43,627
Computer lease payable	17,682	0	17,682
Early retirement payable	41,013	0	41,013
Compensated absences	13,231	0	13,231
Portion due after one year:			
General obligation bonds payable	7,950,000	0	7,950,000
Revenue bonds payable	340,000	0	340,000
Capital loan notes payable	1,740,000	0	1,740,000
Computer lease payable	17,935	0	17,935
Early retirement payable	145,993	0	145,993
Total Liabilities	18,802,527	32,118	18,834,645
Net Assets			
Invested in capital assets, net of related debt	3,312,289	136,537	3,448,826
Restricted for:			
Talanted and gifted	17,958	0	17,958
Beginning teacher mentoring	4,473	0	4,473
Salary improvement program	19,134	0	19,134
Additional teacher contract day	2,570	0	2,570
Professional development	16,120	0	16,120
Market factor	927	0	927
Market factor incentives	5,329	0	5,329
Debt service	175,649	0	175,649
Capital projects	381,135	0	381,135
Physical plant and equipment levy	72,483	0	72,483
Other special revenue purposes	83,691	0	83,691
Unrestricted	462,442	(107,314)	355,128
Total Net Assets	\$ 4,554,200	29,223	4,583,423

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	
Functions/Programs						
Governmental activities:						
Instruction:						
Regular instruction	\$ 3,522,739	804,286	761,847	(1,956,606)	0	(1,956,606)
Special instruction	3,396,464	2,140,839	40,790	(1,214,835)	0	(1,214,835)
Other instruction	584,943	192,627	13,660	(378,656)	0	(378,656)
	7,504,146	3,137,752	816,297	(3,550,097)	0	(3,550,097)
Support services:						
Student services	187,404	0	0	(187,404)	0	(187,404)
Instructional staff services	192,288	0	0	(192,288)	0	(192,288)
Administration services	1,003,951	0	0	(1,003,951)	0	(1,003,951)
Operation and maintenance of plant services	579,823	0	0	(579,823)	0	(579,823)
Transportation services	284,621	0	19,792	(264,829)	0	(264,829)
	2,248,087	0	19,792	(2,228,295)	0	(2,228,295)
Other expenditures:						
Facilities acquisitions	179,906	0	0	(179,906)	0	(179,906)
Long-term debt interest	192,941	0	0	(192,941)	0	(192,941)
AEA flowthrough	254,635	0	254,635	0	0	0
Depreciation(unallocated) *	172,307	0	0	(172,307)	0	(172,307)
	799,789	0	254,635	(545,154)	0	(545,154)
Total governmental activities	10,552,022	3,137,752	1,090,724	(6,323,546)	0	(6,323,546)
Business-Type activities:						
Support services:						
Operation and maintenance of plant services	373	373	0	0	0	0
Non-instructional programs:						
Nutrition services	341,820	196,983	100,995	0	(43,842)	(43,842)
Total business-type activities	342,193	197,356	100,995	0	(43,842)	(43,842)
Total	\$ 10,894,215	3,335,108	1,191,719	(6,323,546)	(43,842)	(6,367,388)
General Revenues and Transfers:						
General Revenues:						
Local tax for:						
General purposes				\$ 2,302,746	0	2,302,746
Capital outlay				51,737	0	51,737
Debt service				356,980	0	356,980
Income surtax				331,485	0	331,485
Local option sales and services tax				540,344	0	540,344
Unrestricted state grants				3,158,954	0	3,158,954
Unrestricted investment earnings				136,728	0	136,728
Other				102,521	0	102,521
Transfers				(75,073)	75,073	0
Total general revenues and transfers				6,906,422	75,073	6,981,495
Changes in net assets				582,876	31,231	614,107
Net assets beginning of year				3,971,324	(2,008)	3,969,316
Net assets end of year				\$ 4,554,200	29,223	4,583,423

* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Special Revenue: Physical Plant and Equipment Levy	Capital Projects	Other Nonmajor Governmental Funds	Total
Assets					
Cash and pooled investments:					
ISCAP(Note 5)	\$ 2,275,754	0	0	0	2,275,754
U.S. Treasury Securities on deposit with fiscal agent	0	0	0	171,357	171,357
Other	734,301	1,971,758	5,493,918	103,346	8,303,323
Receivables:					
Property tax:					
Delinquent	37,633	915	0	9,501	48,049
Succeeding year	2,350,921	289,328	0	913,980	3,554,229
Income surtax	286,107	0	0	0	286,107
Interfund	158,698	0	773,460	115,660	1,047,818
Accounts	14,237	0	0	5,113	19,350
Accrued ISCAP interest(Note 5)	12,647	0	0	0	12,647
Due from other governments	967,678	0	90,771	0	1,058,449
Total Assets	\$ 6,837,976	2,262,001	6,358,149	1,318,957	16,777,083
Liabilities and Fund Balances					
Liabilities:					
Interfund payable	\$ 3,820	0	885,300	64,298	953,418
Accounts payable	696,033	10,477	392,956	1,005	1,100,471
Salaries and benefits payable	782,671	0	0	0	782,671
ISCAP warrants payable(Note 5)	2,256,000	0	0	0	2,256,000
ISCAP accrued interest payable(Note 5)	12,404	0	0	0	12,404
ISCAP unamortized premiums payable	29,207	0	0	0	29,207
Deferred revenue:					
Succeeding year property tax	2,350,921	289,328	0	913,980	3,554,229
Income surtax	286,107	0	0	0	286,107
Other	11,723	0	0	0	11,723
Total liabilities	6,428,886	299,805	1,278,256	979,283	8,986,230
Fund balances:					
Reserved for:					
Debt service	0	0	0	175,649	175,649
Capital facility construction	0	1,889,713	4,698,758	0	6,588,471
Talanted and gifted	17,958	0	0	0	17,958
Beginning teacher mentoring	4,473	0	0	0	4,473
Salary improvement program	19,134	0	0	0	19,134
Additional teacher contract day	2,570	0	0	0	2,570
Professional development	16,120	0	0	0	16,120
Market factor	927	0	0	0	927
Market factor incentives	5,329	0	0	0	5,329
Unreserved	342,579	72,483	381,135	164,025	960,222
Total fund balances	409,090	1,962,196	5,079,893	339,674	7,790,853
Total Liabilities and Fund Balances	\$ 6,837,976	2,262,001	6,358,149	1,318,957	16,777,083

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2008

Total fund balances of governmental funds (page 16) \$ 7,790,853

***Amounts reported for governmental activities in the
 statement of net assets are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds. 7,533,062

Accounts receivable income surtax, are not yet available to finance expenditures of the current period. 286,107

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as liability in the governmental funds. (46,341)

Long-term liabilities, including general obligation bonds payable, revenue bonds payable, bus lease payable, computer lease payable, capital loan notes payable, early retirement payable and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds. (11,009,481)

Net assets of governmental activites (page 14) \$ 4,554,200

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2008

	General	Special Revenue: Physical Plant and Equipment Levy	Capital Projects	Other Nonmajor Governmental Funds	Total
REVENUES:					
Local sources:					
Local tax	\$ 2,433,839	51,737	540,344	536,929	3,562,849
Tuition	2,902,427	0	0	0	2,902,427
Other	259,874	0	5,417	224,946	490,237
State sources	3,846,070	0	0	0	3,846,070
Federal sources	387,945	0	0	0	387,945
Total revenues	9,830,155	51,737	545,761	761,875	11,189,528
EXPENDITURES:					
Current:					
Instruction:					
Regular instruction	3,472,907	0	0	4,811	3,477,718
Special instruction	3,400,319	0	0	0	3,400,319
Other instruction	399,096	6,347	0	179,500	584,943
	7,272,322	6,347	0	184,311	7,462,980
Support services:					
Student services	195,404	0	0	0	195,404
Instructional staff services	190,316	0	0	0	190,316
Administration services	939,512	0	0	40,847	980,359
Operation and maintenance of plant services	525,094	12,417	0	113,556	651,067
Transportation services	376,606	0	19,750	11,103	407,459
	2,226,932	12,417	19,750	165,506	2,424,605
Other expenditures:					
Facilities acquisitions	0	4,266	937,647	0	941,913
Long-term debt:					
Principal	0	0	0	522,319	522,319
Interest	0	0	0	171,897	171,897
AEA flowthrough	254,635	0	0	0	254,635
	254,635	4,266	937,647	694,216	1,890,764
Total expenditures	9,753,889	23,030	957,397	1,044,033	11,778,349
Excess(deficiency) of revenues over(under) expenditures	76,266	28,707	(411,636)	(282,158)	(588,821)
Other financing sources(uses):					
Issuance of general obligation bonds	0	0	5,485,000	0	5,485,000
Costs of issuance	0	(10,287)	(19,084)	0	(29,371)
Issuance of capital loan notes	0	1,900,000	0	0	1,900,000
Lease proceeds	58,513	0	0	0	58,513
Sale of equipment	0	800	0	0	800
Transfers in	0	6,142	51,070	321,897	379,109
Transfers out	(23,941)	0	(355,168)	0	(379,109)
Total other financing sources(uses)	34,572	1,896,655	5,161,818	321,897	7,414,942
Net change in fund balances	110,838	1,925,362	4,750,182	39,739	6,826,121
Fund balance beginning of year	298,252	36,834	329,711	299,935	964,732
Fund balance end of year	\$ 409,090	1,962,196	5,079,893	339,674	7,790,853

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2008

Net change in fund balances - total governmental funds (page 18) \$ 6,826,121

*Amounts reported for governmental activities in the
 statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 933,656	
Depreciation expense	<u>(251,945)</u>	681,711

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. 20,443

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issuances and repayments are as follows:

Issued	\$ (7,443,513)	
Repaid	<u>522,319</u>	(6,921,194)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (21,044)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early Retirement	\$ 2,335	
Compensated Absences	<u>(5,496)</u>	<u>(3,161)</u>

Changes in net assets of governmental activities (page 15) \$ 582,876

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2008

	<u>School Nutrition</u>
Assets	
Cash and pooled investments	\$ 4,717
Due from other governments	10,378
Inventories	4,109
Capital assets, net of accumulated depreciation(Note 6)	<u>136,537</u>
Total Assets	<u>155,741</u>
Liabilities	
Interfund payable	94,400
Salaries and benefits payable	26,624
Unearned revenue	<u>5,494</u>
Total Liabilities	<u>126,518</u>
Net Assets	
Invested in capital assets	136,537
Unrestricted	<u>(107,314)</u>
Total Net Assets	<u>\$ 29,223</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2008

	<u>School</u> <u>Nutrition</u>
OPERATING REVENUE:	
Local sources:	
Charges for services	<u>\$ 197,356</u>
OPERATING EXPENSES:	
Support services:	
Operation and maintenance of plant services:	
Services	<u>373</u>
Non-instructional programs:	
Food service operations:	
Salaries	108,682
Benefits	65,513
Supplies	152,793
Other	375
Depreciation	<u>14,457</u>
	<u>341,820</u>
TOTAL OPERATING EXPENSES	<u>342,193</u>
OPERATING LOSS	<u>(144,837)</u>
NON-OPERATING REVENUES:	
State sources	3,479
Federal sources	<u>97,516</u>
TOTAL NON-OPERATING REVENUES	<u>100,995</u>
Change in net assets before capital contributions	(43,842)
OTHER FINANCING SOURCES:	
Capital contributions	<u>75,073</u>
Change in net assets	31,231
Net assets beginning of year	<u>(2,008)</u>
Net assets end of year	<u><u>\$ 29,223</u></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2008

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 199,092
Cash received from miscellaneous operating activities	9
Cash payments to employees for services	(167,737)
Cash payments to suppliers for goods or services	(146,604)
Net cash used in operating activities	<u>(115,240)</u>
Cash flows from non-capital financing activities:	
Transfer from General Fund	17,737
State grants received	3,479
Federal grants received	81,225
Net cash provided by non-capital financing activities	<u>102,441</u>
Net decrease in cash and cash equivalents	(12,799)
Cash and cash equivalents at beginning of year	<u>17,516</u>
Cash and cash equivalents at end of year	<u><u>\$ 4,717</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (144,837)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	15,292
Depreciation	14,457
Increase in inventories	(1,575)
Decrease in accounts payable	(6,780)
Increase in salaries and benefits payable	6,458
Increase in unearned revenue	1,745
Net cash used in operating activities	<u><u>\$ (115,240)</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:	
Current assets:	
Cash and pooled investments	<u><u>\$ 4,717</u></u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2008, the District received Federal commodities valued at \$15,292.

During the year ended June 30, 2008, the District received capital contributions valued at \$75,073 from the Capital Projects Fund.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Cash and pooled investments	\$ 42,965	(6,545)
Accounts receivable	0	7,994
Total Assets	<u>42,965</u>	<u>1,449</u>
Liabilities		
Accounts payable	250	0
Due to other groups	0	1,449
Total Liabilities	<u>250</u>	<u>1,449</u>
Net Assets		
Unrestricted	42,715	0
Total Net Assets	<u>\$ 42,715</u>	<u>0</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2008

	<u>Private Purpose</u> <u>Trust</u> <u>Scholarship</u>
Additions:	
Local sources:	
Interest	\$ 1,902
Contributions	<u>1,250</u>
Total additions	<u>3,152</u>
Deductions:	
Scholarships	<u>1,500</u>
Change in net assets	1,652
Net assets beginning of year	<u>41,063</u>
Net assets end of year	<u>\$ 42,715</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

(1) **Summary of Significant Accounting Policies**

The Woodward-Granger Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Woodward and Granger, Iowa, and the predominate agricultural territory in Dallas, Polk, and Boone Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Woodward-Granger Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Woodward-Granger Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Dallas, Polk, and Boone Counties Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

The Special Revenue - Physical Plant and Equipment Levy Fund is utilized to account for major equipment purchases and capital improvements.

The District's proprietary funds are the Enterprise, School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements, which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets help by the District as an agent for individuals, private organizations. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of result of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Balances

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the

government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Machinery and equipment	5-12 years

Salaries and Benefits Payable - Payroll and related expenditures for contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary Funds.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, expenditures in the instructional, support services and other expenditures functions exceeded the amounts budgeted.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$ 7,092,105</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

(3) **Transfers**

The detail of transfers for the year ended June 30, 2008 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Physical Plant and Equipment Levy	General	\$ 6,142
Capital Projects:	Capital Projects:	
LOSST	Construction	51,070
	Capital Projects:	
Debt Service	LOSST	304,098
Debt Service	General	<u>17,799</u>
Total		<u>\$ 379,109</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Due from and Due to Other Funds

At June 30, 2008 the interfund receivables and payables consisted of the following:

Receivable Fund	Payable Fund	Amount
General	Nutrition	\$ 94,400
General	Debt Service	7,664
General	Special Revenue: Management Levy	56,634
Capital Projects: LOSST	Capital Projects: Construction	769,640
Debt Service	Capital Projects: LOSST	115,660
Capital Projects: LOSST	General	<u>3,820</u>
Total		<u><u>\$ 1,047,818</u></u>

(5) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2008 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2007-08A	6/28/07	6/27/08	\$ 5,339	0	0	0
2007-08B	1/23/08	1/23/09	806,581	12,092	804,000	11,977
2008-09A	6/26/08	6/25/09	1,463,834	555	1,452,000	427
Total			<u>\$ 2,275,754</u>	<u>12,647</u>	<u>2,256,000</u>	<u>12,404</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts, and must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2008 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2007-08A	\$ 0	500,000	500,000	0

The warrants bear an interest rate and the available proceeds of the warrants are invested at an interest rate as shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2007-08A	4.500%	5.448%
2007-08B	3.750%	3.451%
2008-09A	3.500%	3.469%

(6) Capital Assets

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 14,204	0	0	14,204
Construction in progress	51,070	748,131	0	799,201
Total capital assets not being depreciated	65,274	748,131	0	813,405
Capital assets being depreciated:				
Buildings	8,948,464	13,876	0	8,962,340
Machinery and equipment	535,254	171,649	0	706,903
Total capital assets being depreciated	9,483,718	185,525	0	9,669,243
Less accumulated depreciation for:				
Buildings	2,366,979	172,307	0	2,539,286
Machinery and equipment	330,662	79,638	0	410,300
Total accumulated depreciation	2,697,641	251,945	0	2,949,586
Total capital assets being depreciated, net	6,786,077	(66,420)	0	6,719,657
Governmental activities capital assets, net	\$ 6,851,351	681,711	0	7,533,062
Business-type activities:				
Machinery and equipment	\$ 133,460	75,073	0	208,533
Less accumulated depreciation	57,539	14,457	0	71,996
Business-type activities capital assets, net	\$ 75,921	60,616	0	136,537

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 20,009
Support services:	
Instructional staff services	1,972
Administration	564
Operation and maintenance of plant	4,790
Transportation	52,303
	79,638
Unallocated depreciation	172,307
Total governmental activities depreciation expense	\$ 251,945
Business-type activities:	
Food services	\$ 14,457

(7) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 2,955,000	5,485,000	225,000	8,215,000	265,000
Revenue Bonds	880,000	0	265,000	615,000	275,000
Capital Loan Notes	0	1,900,000	0	1,900,000	160,000
Bus Lease	0	58,513	14,886	43,627	43,627
Computer Leases	53,050	0	17,433	35,617	17,682
Early Retirement	189,341	33,013	35,348	187,006	41,013
Compensated Absences	7,735	13,231	7,735	13,231	13,231
Total	\$ 4,085,126	7,489,757	565,402	11,009,481	815,553

General Obligation Bonds Payable

Details of the District's June 30, 2008 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of May 1, 2004			Bond Issue of July 1, 2004		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2009	2.60-2.75 %	\$ 195,000	3,840	5.00 %	\$ 30,000	122,801
2010		-	-	5.00	120,000	121,301
2011		-	-	5.00	125,000	115,300
2012		-	-	5.00	130,000	109,051
2013		-	-	5.00	135,000	102,550
2014-2018		-	-	4.125-5.00	785,000	412,795
2019-2023		-	-	5.00	985,000	208,250
2024-2028		-	-	5.00	225,000	11,250
Total		\$ 195,000	3,840		\$ 2,535,000	1,203,298

Year Ending June 30,	Bond Issue of June 3, 2008			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2009	4.10 %	\$ 40,000	221,085	\$ 265,000	347,726	612,726
2010	4.10	150,000	219,445	270,000	340,746	610,746
2011	4.10	160,000	213,295	285,000	328,595	613,595
2012	4.10	170,000	206,735	300,000	315,786	615,786
2013	4.10	175,000	199,765	310,000	302,315	612,315
2014-2018	4.10	990,000	885,255	1,775,000	1,298,050	3,073,050
2019-2023	4.00	1,240,000	665,400	2,225,000	873,650	3,098,650
2024-2028	4.00	2,560,000	334,600	2,785,000	345,850	3,130,850
Total		\$ 5,485,000	2,945,580	\$ 8,215,000	4,152,718	12,367,718

Revenue Bonds Payable

Details of the District's June 30, 2008 revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue dated June 1, 2005			Bond Issue dated August 27, 2006			Total		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total
2009	3.15 %	\$ 175,000	11,985	4.35 %	\$ 100,000	11,310	\$ 275,000	23,295	298,295
2010	3.30	180,000	6,210	4.35	105,000	6,960	285,000	13,170	298,170
2011	3.45	-	-	4.35	55,000	2,392	55,000	2,392	57,392
Total		\$ 355,000	18,195		\$ 260,000	20,662	\$ 615,000	38,857	653,857

The District has pledged future local option sales and services tax revenues to repay the \$750,000 and \$360,000 bonds issued in June 2005 and August 2006, respectively. The bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District and are payable through 2011. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 55.2 percent of the local option sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$653,857. For the current year principal of \$265,000 and interest of \$32,842 was paid on the bonds and the total local option sales and services tax revenues were \$540,344.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) \$75,000 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Capital Loan Notes Payable

During the year ended June 30, 2008 the District issued \$1,900,000 in capital loan notes which are payable from the Special Revenue,

Physical Plant and Equipment Levy Fund. Details of the District's June 30, 2008 capital loan notes indebtedness are as follows:

Year Ending June 30,	Note Issue of June 3, 2008			
	Interest Rates	Principal	Interest	Total
2009	4.10 % \$	160,000	65,918	225,918
2010	4.10	170,000	60,317	230,317
2011	4.10	175,000	54,367	229,367
2012	4.10	180,000	48,242	228,242
2013	4.10	185,000	41,942	226,942
2014-2018	4.10	1,030,000	112,761	1,142,761
Total		\$ 1,900,000	383,547	2,283,547

Computer Lease Payable

During the year ended June 30, 2007, the District entered into a computer lease for computers. The computer lease is payable from the Capital Projects, Local Option Sales and Services Tax Fund. Details of the District's indebtedness under the lease agreement in effect at June 30, 2008 are as follows:

Year Ending June 30,	Computer Lease			
	Interest Rates	Principal	Interest	Total
2009	1.44 % \$	17,682	509	18,191
2010	1.44	17,935	257	18,192
Total		\$ 35,617	766	36,383

Bus Lease Payable

During the year ended June 30, 2008, the District entered into a lease for a new bus. The bus lease is payable from the General Fund. Details of the District's indebtedness under the lease agreement in effect at June 30, 2008 are as follows:

Year Ending June 30,	Bus Lease			
	Interest Rates	Principal	Interest	Total
2009	1.44 % \$	43,627	2,173	45,800

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an

application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 100% of a single plan health insurance coverage with the district's maximum expenditure not to exceed \$4,000. The coverage terminates upon the employee reaching age 65 or upon the death of the employee, whichever is first. Early retirement benefits paid during the year ended June 30, 2008, totaled \$35,348. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund non-current early retirement.

(8) Advance Refunding

On May 1, 2004, the District issued refunding bonds in the amount of \$1,070,000 to advance refund \$1,050,000 of outstanding general obligation bonds. The proceeds of the refunding issues have been placed in an irrevocable escrow account and have been invested in U.S. Government obligations which have been certified to be sufficient to pay all principal and all interest on the new advance refunding bonds added to the appropriate financial statements and schedules. The District remains contingently liable in the remote possibility the account is unable to pay the refunded bonds. At June 30, 2008, \$235,000 of such bonds are outstanding. Repayment of principal and interest for the year was \$220,000 and \$19,865.

(9) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008, 2007 and 2006. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$284,205, \$246,590 and \$237,756 respectively, equal to the required contributions for each year.

(10) Risk Management

Woodward-Granger Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The

District's actual amount for this purpose totaled \$254,635 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(12) Deficit Net Assets

The Enterprise - School Nutrition Fund had deficit unrestricted net assets of \$107,314 at June 30, 2008.

(13) Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2008, expenditures in the instructional, support services and other expenditures functions exceeded the amounts budgeted.

(14) Construction Commitment

The District has entered into various general contracts totaling \$6,377,595. As of June 30, 2008, costs of \$799,201 had been incurred against the contracts. The balance of \$5,578,394 remaining at June 30, 2008 will be paid as work on the project progresses.

REQUIRED SUPPLEMENTARY INFORMATION

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES AND
CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 6,955,513	197,356	7,152,869	6,575,710	6,575,710	577,159
State sources	3,846,070	3,479	3,849,549	3,905,062	3,905,062	(55,513)
Federal sources	387,945	97,516	485,461	462,800	462,800	22,661
Total revenues	11,189,528	298,351	11,487,879	10,943,572	10,943,572	544,307
Expenditures:						
Instruction	7,462,980	0	7,462,980	7,449,256	7,449,256	(13,724)
Support services	2,424,605	373	2,424,978	2,424,447	2,424,447	(531)
Non-instructional programs	0	341,820	341,820	363,624	363,624	21,804
Other expenditures	1,890,764	0	1,890,764	1,597,083	1,597,083	(293,681)
Total expenditures	11,778,349	342,193	12,120,542	11,834,410	11,834,410	(286,132)
Excess(deficiency) of revenues over(under) expenditures	(588,821)	(43,842)	(632,663)	(890,838)	(890,838)	258,175
Other financing sources, net	7,414,942	75,073	7,490,015	0	0	7,490,015
Excess(deficiency) of revenues and other financing sources over(under) expenditures	6,826,121	31,231	6,857,352	(890,838)	(890,838)	7,748,190
Balance beginning of year	964,732	(2,008)	962,724	1,234,725	1,234,725	(272,001)
Balance end of year	\$ 7,790,853	29,223	7,820,076	343,887	343,887	7,476,189

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2008, expenditures in the instructional, support services and other expenditures functions exceeded the amounts budgeted.

OTHER SUPPLEMENTARY INFORMATION

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2008

	Special Revenue Funds				Total
	Manage-	Student	Total	Debt	Other
	ment	Activity	Special	Service	Nonmajor
	Levy		Revenue		Governmental
			Funds		Funds
Assets					
Cash and pooled investments:					
U.S. Treasury Securities on					
deposit with fiscal agent	\$ 0	0	0	171,357	171,357
Other	130,354	83,007	213,361	(110,015)	103,346
Receivables:					
Property tax:					
Current year delinquent	3,190	0	3,190	6,311	9,501
Succeeding year	210,000	0	210,000	703,980	913,980
Interfund	0	0	0	115,660	115,660
Accounts	4,289	824	5,113	0	5,113
Total Assets	\$ 347,833	83,831	431,664	887,293	1,318,957
Liabilities and Fund Balances					
Liabilities:					
Interfund payable	\$ 56,634	0	56,634	7,664	64,298
Accounts payable	865	140	1,005	0	1,005
Deferred revenue:					
Succeeding year property tax	210,000	0	210,000	703,980	913,980
	267,499	140	267,639	711,644	979,283
Fund balances:					
Reserved:					
Debt service	0	0	0	175,649	175,649
Unreserved	80,334	83,691	164,025	0	164,025
Total fund balances	80,334	83,691	164,025	175,649	339,674
Total Liabilities and Fund Balances	\$ 347,833	83,831	431,664	887,293	1,318,957

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2008

	Special Revenue Funds				Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Total Special Revenue Funds	Debt Service	
REVENUES:					
Local sources:					
Local tax	\$ 179,949	0	179,949	356,980	536,929
Other	11,110	206,287	217,397	7,549	224,946
TOTAL REVENUES	191,059	206,287	397,346	364,529	761,875
EXPENDITURES:					
Current:					
Instruction:					
Regular instruction	4,811	0	4,811	0	4,811
Other instruction	0	179,500	179,500	0	179,500
Support services:					
Administration services	40,847	0	40,847	0	40,847
Operation and maintenance of plant services	113,556	0	113,556	0	113,556
Student transportation	11,103	0	11,103	0	11,103
Other expenditures:					
Long-term debt:					
Principal	0	0	0	522,319	522,319
Interest	0	0	0	171,897	171,897
TOTAL EXPENDITURES	170,317	179,500	349,817	694,216	1,044,033
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	20,742	26,787	47,529	(329,687)	(282,158)
OTHER FINANCING SOURCES:					
Transfer in	0	0	0	321,897	321,897
NET CHANGE IN FUND BALANCE	20,742	26,787	47,529	(7,790)	39,739
FUND BALANCE BEGINNING OF YEAR	59,592	56,904	116,496	183,439	299,935
FUND BALANCE END OF YEAR	\$ 80,334	83,691	164,025	175,649	339,674

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Athletic Accounts:				
HS Athletics	\$ (5,005)	50,721	38,835	6,881
HS Concessions	153	0	153	0
JH Concessions	108	0	108	0
JH Athletics	0	0	1,325	(1,325)
	(4,744)	50,721	40,421	5,556
Athletic Fundraiser:				
JH Boys' Basketball	129	814	852	91
JH Football	253	0	0	253
JH Girls' Basketball	381	0	0	381
JH Volleyball	209	0	0	209
Baseball	3,335	4,633	5,482	2,486
Baseball lights	0	14,750	450	14,300
Girls' and Boys' Golf	29	0	0	29
HS Boys' Track	215	1,502	438	1,279
HS Boys' Basketball	815	1,996	2,153	658
HS Cross Country	2	0	0	2
HS Football	1,552	12,479	12,181	1,850
HS Girls' Track	479	941	510	910
HS Girls' Basketball	(18)	2,810	2,505	287
HS Girls' Softball	411	375	629	157
HS Girls' Volleyball	2,439	1,552	3,691	300
Weightlifting	28	0	0	28
Wrestling HS	1,915	6,831	6,791	1,955
Elementary Girls Basketball	688	0	0	688
	12,862	48,683	35,682	25,863
Activities Accounts:				
Art Fundraiser	311	2,892	2,518	685
Band and Chorus	2,693	3,591	5,080	1,204
Book Orders	4	8,618	8,622	0
Elementary Book Fair	0	850	0	850
Petty Cash	75	0	0	75
Change	400	0	0	400
Yearbook	4,928	2,670	4,573	3,025
Student Public Relations	187	1,500	0	1,687
Tri-M Fundraiser	733	0	100	633
HS Cheerleaders	0	3,871	3,190	681
Grounds Beautification	353	0	0	353

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Activities Accounts (cont) :				
Class of 2006	256	0	256	0
Class of 2007	2,351	115	10	2,456
Class of 2008	2,804	4,287	5,811	1,280
Class of 2009	4,833	15,813	17,022	3,624
Class of 2010	367	10,274	4,625	6,016
Class of 2011	0	741	0	741
Concession Stand	1,492	261	0	1,753
Drama	3,687	2,971	2,808	3,850
Drama Club	471	0	0	471
Field Trips	0	6,332	6,332	0
Clearing	0	1,393	1,393	0
Elementary Fundraiser	1,977	3,685	2,045	3,617
Flag Team Fundraiser	315	0	0	315
Interest	3,290	0	3,290	0
MS Student Council	697	3,020	1,900	1,817
MS Cheerleaders	62	729	791	0
Grandwood Fundraiser	(2,555)	8,043	9,570	(4,082)
TAG Fundraiser	222	0	0	222
Miscellaneous	181	0	64	117
Emergency Fund	535	408	0	943
HS Student Council	247	6,410	6,151	506
W-G Planners	272	0	0	272
Spanish Club	1,276	0	0	1,276
MS Science Fundraiser	83	0	0	83
Jazz Festival	3,837	9,546	8,891	4,492
Marketing Fundraiser	1,336	6,580	6,162	1,754
HS Dance Team	1,023	38	65	996
HS Fundraiser	3,268	796	947	3,117
MS Fundraiser	2,573	1,449	1,181	2,841
Washington DC Trip	1,407	0	0	1,407
Industrial Arts	2,795	0	0	2,795
	48,786	106,883	103,397	52,272
Total	\$ 56,904	206,287	179,500	83,691

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2008

	Capital Project Funds		
	GO Bond Construction	Local Option Sales and Services Tax	Total Capital Projects
ASSETS			
Cash and pooled investments	\$ 5,487,482	6,436	5,493,918
Interfund receivable	0	773,460	773,460
Due from other governments	0	90,771	90,771
TOTAL ASSETS	\$ 5,487,482	870,667	6,358,149
LIABILITIES AND FUND BALANCES			
Liabilities:			
Interfund payable	\$ 769,640	115,660	885,300
Accounts payable	19,084	373,872	392,956
Total liabilities	788,724	489,532	1,278,256
Fund balances:			
Reserved:			
Capital facility construction	4,698,758	0	4,698,758
Unreserved	0	381,135	381,135
Total fund balances	4,698,758	381,135	5,079,893
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,487,482	870,667	6,358,149

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2008

	Capital Projects Fund		
	GO Bond Construction	Local Option Sales and Services Tax	Total
REVENUES:			
Local sources			
Local tax	\$ 0	540,344	540,344
Other	0	5,417	5,417
Total revenues	0	545,761	545,761
EXPENDITURES:			
Current			
Support services:			
Transportation services	0	19,750	19,750
Other expenditures:			
Facilities acquisitions	718,570	219,077	937,647
Total expenditures	718,570	238,827	957,397
Excess(deficiency) of revenues over(under) expenditures	(718,570)	306,934	(411,636)
OTHER FINANCING SOURCES(USES):			
Issuance of general obligation bonds	5,485,000	0	5,485,000
Cost of issuance	(19,084)	0	(19,084)
Transfer in	0	51,070	51,070
Transfer out	(51,070)	(304,098)	(355,168)
TOTAL OTHER FINANCING SOURCES(USES)	5,414,846	(253,028)	5,161,818
Net change in fund balances	4,696,276	53,906	4,750,182
Fund balance beginning of year	2,482	327,229	329,711
Fund balance end of year	\$ 4,698,758	381,135	5,079,893

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUND
 YEAR ENDED JUNE 30, 2008

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>Local Option Sales and Service Tax</u>				
ASSETS				
Cash and pooled investments	\$ 64,726	165,140	237,140	(7,274)
Accounts receivable	12,805	7,994	12,805	7,994
	<u>\$ 77,531</u>	<u>173,134</u>	<u>249,945</u>	<u>720</u>
LIABILITIES				
Accounts payable	\$ 77,531	0	77,531	0
Due to other groups	0	173,134	172,414	720
	<u>\$ 77,531</u>	<u>173,134</u>	<u>249,945</u>	<u>720</u>
<u>Teacher Pop</u>				
Cash and pooled investments	\$ 602	725	598	729
LIABILITIES				
Due to other groups	\$ 602	725	598	729
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and pooled investments	\$ 65,328	165,865	237,738	(6,545)
Accounts receivable	12,805	7,994	12,805	7,994
	<u>\$ 78,133</u>	<u>173,859</u>	<u>250,543</u>	<u>1,449</u>
LIABILITIES				
Accounts payable	\$ 77,531	0	77,531	0
Due to other groups	602	173,859	173,012	1,449
	<u>\$ 78,133</u>	<u>173,859</u>	<u>250,543</u>	<u>1,449</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST FIVE YEARS

	Modified Accrual Basis				
	Years Ended June 30,				
	2008	2007	2006	2005	2004
Revenues:					
Local sources:					
Local tax	\$ 3,562,849	3,411,897	2,970,812	2,866,489	2,485,726
Tuition	2,902,427	2,416,577	2,369,680	2,367,322	1,416,833
Other	490,237	387,814	367,226	321,089	271,143
State sources	3,846,070	3,627,329	3,201,767	3,034,280	2,512,232
Federal sources	387,945	366,931	392,317	371,799	344,294
Total	<u>\$ 11,189,528</u>	<u>10,210,548</u>	<u>9,301,802</u>	<u>8,960,979</u>	<u>7,030,228</u>
Expenditures:					
Current:					
Instruction:					
Regular instruction	\$ 3,477,718	3,113,317	2,672,466	2,492,078	2,537,706
Special instruction	3,400,319	3,048,937	2,804,889	2,832,695	1,930,535
Other instruction	584,943	435,368	639,858	618,314	416,418
Support services:					
Student services	195,404	205,935	181,587	222,986	214,108
Instructional staff services	190,316	190,944	251,380	182,376	157,706
Administration services	980,359	1,018,479	997,818	688,281	675,188
Operation and maintenance of plant services	651,067	630,563	518,574	429,979	472,061
Transportation services	407,459	365,278	356,718	248,768	203,210
Other expenditures:					
Facilities acquisitions	941,913	762,944	1,486,917	1,877,531	199,688
Long-term debt:					
Principal	522,319	461,462	336,864	304,313	235,000
Interest	171,897	168,299	163,341	151,545	76,235
AEA flow-through	254,635	235,532	206,218	193,002	184,489
Total	<u>\$ 11,778,349</u>	<u>10,637,058</u>	<u>10,616,630</u>	<u>10,241,868</u>	<u>7,302,344</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of the
Woodward-Granger Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Woodward-Granger Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 16, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Woodward-Granger Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Woodward-Granger Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Woodward-Granger Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Woodward-Granger Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Woodward-Granger Community School District's financial statements that is more than inconsequential will not be prevented or detected by Woodward-Granger Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Woodward-Granger Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-08 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodward-Granger Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Woodward-Granger Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Woodward-Granger Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Woodward-Granger Community School District and other parties to whom Woodward-Granger Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Woodward-Granger Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


NOLTE, CORNMAN & JOHNSON, P.C.

February 16, 2009

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

- I-A-08 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

- I-B-08 Reliable Financial Statements - Iowa School Districts are required to record the financial records on a GAAP Basis of Accounting. The financial records are normally converted at year end, after a year of cash based records. The recognition of receivables, payables, inventory, long-term debt recognition and deprecation of capital assets are all pieces which the accounting personnel is expected to be completing. The individuals performing the accounting function needs to be well trained in all areas to be effective in completing the Certified Annual Report. The Iowa Association of School Business Officials provides training to its members as does the Department of Education and Grant Wood. This training helps in providing instruction as well as promotes networking of other accounting personnel. There were no adjustments made for the current year changes in long-term debt. There were also no adjustments made for the current year additions, deletions and depreciation expense for the governmental and nutrition capital assets.

Recommendation - The maintenance of reliable accounting records has and continues to be important in every district. The necessity of the numerous adjustments for the financial statements may indicate that additional training is necessary for the accounting personnel. The District should consider sending their accounting staff to end-of-year training in an effort to provide more reliable financial statements.

Response - We will continue to attend IASBO, Department of Management and Department of Education training programs throughout the year.

Conclusion - Response accepted.

- I-C-08 Payroll Procedures - We noted during our audit that the District is not keeping track of hours worked for coaches who are non-certified staff.

Recommendation - In compliance with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for non-

certified staff coaches, and determine that the wage paid is in compliance with minimum wage requirements as well as any overtime issues.

Response - We will develop a method for keeping track of hours worked by coaches and sponsors who are non-certified staff.

Conclusion - Response accepted.

- I-D-08 Supporting Documents for Payments to Officials - Payments made to officials from the Student Activity fund do not have supporting documentation. Officials are being paid from a listing.

Recommendation - The copy of the contract made for each official should be used as the support for payment. The source documents should be preserved by the Board Secretary per Chapter 291.6 of the Code of Iowa. The District should review their procedures and implement necessary changes.

Response - We will provide the necessary contracts for officials.

Conclusion - Response accepted.

- I-E-08 Receipting Procedures - We noted that sponsors of student organizations were collecting money from individuals, fundraising events and other revenue fees. These collections are turned into the office for receipting, depositing and posting only after the event or fundraising drive is completed. When the money is turned into the office there does not appear to be supporting documentation for the money collected that later could be used for reconciliation uses. We noted that once collected at the office, these were handled in a comparable manner as receipts directly delivered to the office, where receipts are given and deposited. The copies of the receipts issued at the buildings are provided to the central office for posting and reconciling the bank statement. There does not appear to be controls in place to document monies collected and turned in from sponsors to be reconciled to the actual deposit.

It was also noted that the nutrition fund does not issue receipts for money collected. The total collections are turned into the office, but lack the supporting documentation necessary to perform reconciliation.

Recommendation - The district actually maintains multiple layers of receipting from, sponsors, to the building office, to the central office. When sponsors or fundraising chairpersons submit money to the office for multiple previously collected receipts, they should provide documentation of their receipts. This documentation should be used when reconciling deposits to receipts.

Response - We will provide receipts for money received by the school.

Conclusion - Response accepted.

- I-F-08 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. Per Chapter 9 of the LEA Financial Accounting Manual, "The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the

cocurricular program defined in department of education administrative rules (298A.8).” Fundraisers and donations made to the school should be recorded in the fund in which they could be expended.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1). More specific examples of these instances of questioned items and recommendations are as follows:

The District receives money for use of facilities when hosting district and regional events. Currently the District’s practice is to receipt rents for hosting district and regional events into the Activity Fund. Chapter 297.9 of the code of Iowa requires rent to be receipted into the General Fund. In the future, the District should receipt rent collected for facility usage into the General Fund.

Currently, donations from Target and Box Tops are recorded in the Elementary account in the Student Activity Fund. Target and Box Top donations are considered an undesignated donation; therefore, they should be receipted into the General Fund for use as determined by the District’s Board of Directors. The designation should be noted annually in the District’s board minutes. It was also noted that the Lifetouch commissions were being transferred from the General Fund to the Activity Fund. The General Fund is the only fund that may accept commissions, therefore the monies should stay in the General Fund.

Currently, book fair revenues and expenditures are being run through the Activity Fund. Book fair transactions should be run through the General Fund because any profits that are paid on the fundraiser are used to buy instructional materials. General Fund is the only fund that can buy instructional materials, such as library books.

There is a Class of 2007 in the Student Activity Fund. Past graduating class accounts should be inactive accounts and should be closed and allocated to the other activity accounts. There is also an industrial arts account. Industrial arts is usually instructional in nature and therefore should be transferred to the General Fund.

There were expenses paid for refinishing the gym floor. Since maintenance of buildings is usually run through the General Fund expense, these expenses would appear to be more appropriate from the General Fund.

The District should review the properness of receipts and expenditures that are recorded in the Student Activity Fund. The District should also review procedures that are in place in regards to the Activity Fund and follow the suggested recommendations to gain compliance and better internal controls.

Response - We will review our procedures for dealing with student activity funds.

Conclusion - Response accepted.

I-G-08 Gate Admissions - It was noted that the District does not utilize pre-numbered tickets for event admissions and a reconciliation is not performed after the event.

Recommendation - The District should have internal control procedures established for handling cash for all activity events, including athletic events and communicate the policies and procedures to individuals involved. The Board would of course, approve any policies and the District’s business office should be involved in developing the detailed procedures. At a minimum these procedures should include:

- a. Cash or change boxes should be established with a specified amount.
- b. The District should use pre-numbered tickets.
- c. Two or more individuals should be involved in the cash collection/ticket sales process. In addition to cash collection/ticket sales procedures, the individuals should be instructed to not leave the cash/change boxes unattended under any circumstances.
- d. At the end of the event, cash should be counted and reconciled (by two or more individuals) to sales/pre-numbered tickets sold including the amount of the beginning cash.
- e. To reconcile, the next unsold ticket number less the beginning ticket number determines the number of tickets sold. This number times the price per ticket equals total sales. Total sales compared to total collected should reconcile. Variances, if any should be minimal.
- f. A reconciliation form should be completed and signed off by the individuals responsible for counting and reconciling the cash.
- g. The cash and change box should be turned into the Athletic Director (AD) or designee responsible for the "accounting" function at the event.
- h. The AD or designee should be required to take the cash collections to the night depository at the bank or at a minimum, lock the cash collections in the District's vault or other secure location at the District's office for deposit on the next working day. District procedures should prohibit individuals from taking cash collections home.
- i. A pre-numbered receipt should be issued by the Business Office the next working day in the amount of the confirmed deposit.
- j. Administrative personnel should periodically review/test the process to ensure procedures are working as prescribed.

Response - We will investigate better alternatives for collecting gate money.

Conclusion - Response accepted.

- I-H-08 Grants - We noted during our audit, that when expenditures for specific projects were posted; it appeared that the expenses were not always properly posted to those projects.

Recommendation - The District should review the coding of bills, to ensure that all bills paid for a specific grant or project are properly coded. The project numbers may be obtained from the Uniform Financial Accounting for Iowa LEAs and AEAs. The proper coding also allows the district to maintain accountability of the grants by matching the revenues to the expenditures. The application and final reports should be provided to the Business Manager to assist in year end financial reporting to the State.

Response - We will develop a better system for tracking grant money

Conclusion - Response accepted.

- I-I-08 Sale of Other than Real Property - It was noted that during the year the District received revenues for the sale of equipment. This revenue was receipted into the Physical Plant and Equipment Levy (PPEL) Fund instead of the General Fund.

Recommendation - Chapter 297.22 of the Code of Iowa states that the sale of other than real property will be receipted into the General Fund. The District agreed to an audit adjustment to correct this on the financial statements. The District should review Chapter 297.22 of the Code of Iowa and in the future record sales of equipment in the General Fund.

Response - We will review Chapter 297.22 of the Code of Iowa.

Conclusion - Response accepted.

- I-J-08 Supporting Documents for Payments with Credit Cards - We noted during the audit that payments made with credit cards did not always have detailed receipts for supporting documentation.

Recommendation - The District has a policy in place for credit card usage, which states that the users of the credit cards need to provide detailed receipts for purchases made. The District should review procedures in place with personnel using the district credit cards to ensure the proper detailed documentation will be available with paid credit card statements.

Response - We will require detailed receipts for credit card payments.

Conclusion - Response accepted.

- I-K-08 Early Retirement - We noted during the audit that the District is not coding the district paid insurance premiums for retirees to an expense account. The current practice is to code it to a liability account, which resulted in a negative payable account. The district subsequently corrected this issue before the final reports were done.

We also noted that the District collected \$1,854.57 from Larry Burgus for insurance premiums for the months of June, July and August. However, when Mr. Burgus retired in May 2008 he should have still been on the District paid insurance through August, as he fulfilled his employee contract. The District should apply the extra insurance payments toward the future insurance premiums or refund the difference to Mr. Burgus.

Recommendation - The District should review the procedures to ensure that the early retirement expenses are being handled correctly.

Response - We will give Larry Burgus credit of \$1,854.57 for health insurance premiums.

Conclusion - Response accepted.

- I-L-08 Debt Payments - We noted during the audit that the District is currently paying the computer lease from the Capital Projects Fund and the bus lease from the General Fund instead of the Debt Service Fund.

Recommendation - The District should make the appropriate journal entries or transfer monies from the appropriate funds to the Debt Service Fund in order to make the subsequent principal and interest payments on the long-term debt.

Response - We will make the appropriate journal entries to the Debt Service Fund.

Conclusion - Response accepted.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008

Part II: Other Findings Related to Required Statutory Reporting

- II-A-08 Certified Budget - District expenditures for the year ended June 30, 2008 exceeded the amounts budgeted in the instructional, support services and other expenditures functions.

Recommendation - The budget was amended in all areas, however, it was still exceeded in the support services function.

Response - We will amend the budget correctly in the future if necessary.

Conclusion - Response accepted.

- II-B-08 Questionable Disbursements - We noted during our audit that there was an invoice paid for an employee reimbursement from the Activity Fund for DVD's and pizzas. The invoice fails to document the public purpose served.

Recommendation - The District should review these types of expenditures and document the public purpose served. The District may consider adopting a policy directed to requirements in meeting public purpose criteria.

Response - We will review Activity Fund expenditures and document the public purpose served.

Conclusion - Response accepted.

- II-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- II-D-08 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Mike Blaser, Bus Driver Owner of Blaser Electric	Electrical work	\$178
Bernard Bunk, Bus Driver Owner of Bernard's	Repairs	\$40,780
Rich Aston, Bus Driver Owner of Dicks Fire Extinguisher	Services	\$137

In accordance with the Attorney General's opinion dated July 2, 1990, the above transactions with the employees do not appear to represent a conflict of interest.

- II-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-08 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-08 Certified Enrollment - We noted that the number of basic resident students reported to the Iowa Department of Education on line 1 of the Certified Enrollment Certification Form for October 2007 was overstated by 4 students and Line 2 was overstated by 1 student.

Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response - We will contact the Iowa Department of Education and the Department of Management .

Conclusion - Response accepted.

- II-H-08 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-I-08 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.
- II-J-08 Financial Condition - The District had deficit unrestricted net assets of \$107,314 in the Enterprise-School Nutrition Fund. The District also had negative account balances within the Special Revenue, Student Activity Fund.

Recommendation - The District should continue to monitor these funds and investigate alternatives to eliminate the deficits.

Response - We will develop a workout plan.

Conclusion - Response accepted.

- II-K-08 Electronic Check Retention - Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The District retains cancelled checks through electronic image, however the cancelled checks for January and February were not available for the Nutrition and Activity Funds.

Recommendation - The District should obtain and retain an image of both the front and back of each cancelled check as required.

Response - We will contact our bank and have the situation corrected.

Conclusion - Response accepted.